

**ACCIDENT AND HEALTH ONLY PRODUCER  
INDIANA EXAMINATION CONTENT OUTLINE  
\*80 QUESTIONS TOTAL  
\*\*TIME LIMIT 1 hour 20 minutes  
REVISED 7/10/2015**

**I. INSURANCE BASICS**

**(11 QUESTIONS TOTAL)**

**A. The Very Basics**

**(2 QUESTIONS)**

1. What is insurance
2. Understanding Risk
3. The Law of Large Numbers
4. Types of insurance companies
  - Lloyd's of London
  - Stock companies
  - Mutual companies
  - Fraternal
5. Reinsurance

**B. Contract Law**

**(6 QUESTIONS)**

1. What is a contract
2. The five essential parts of a contract
  - Offer
  - Acceptance
  - Consideration
  - Legal capacity
  - Legal purpose
3. Insurance Specifics
  - Who makes the offer
  - Who accepts the offer
  - What is each party's consideration
4. Defining truth
  - Warranties
  - Representations
  - Misrepresentations
  - Concealment
  - Material to the risk
  - Consequences of material misrepresentation on the application
5. Insurable Interest
6. Consent
7. When does coverage start
  - If no Interim Insuring Agreement is used
  - If an Interim Insuring Agreement is used
    - Conditional Receipts

\*Additional non-scored trial questions may be added to exam

\*\*Extra time will be allotted to examinations with additional non-scored trial questions

- Collecting the initial premium
  - Explaining the Conditional Receipt
8. Policy delivery
    - Agent's responsibilities
    - Statement of Continued Good Health
  9. Unique characteristics of insurance contracts
    - Conditional
    - Valued, Reimbursement & Service contracts
    - Unilateral
    - Adhesion
    - Aleatory
  10. Other contract terms
    - Waiver
    - Fraud
  11. Insurance law & the Agent/Producer
    - The Agent/Producer
    - The Agency Agreement/ Contract
    - The Agent's extending the insurance company's liability
    - Agent's knowledge
    - Agent vs. Broker
  12. Powers of Agency
    - Expressed authority
    - Implied authority
    - Apparent authority

### **C. Under writing Basics**

**(3 QUESTIONS)**

1. What is underwriting
2. Why is underwriting necessary
3. Relationship between risk and premiums charged
4. Sources of insurability information
  - Application
    - Making changes on the application
    - Consequence of an incomplete application (blanks)
    - Required signatures on the application
  - Agent/Producer's reports
  - Medical information & medical exams
  - The Medical Information Bureau (MIB) and disclosures
  - Attending Physician's reports
  - Credit reports
    - Fair Credit Reporting Act & mandatory disclosures
  - Inspection reports
5. Selection & Classification Factors
  - Age
  - Gender (sex)
  - Tobacco usage
  - Occupation

- Avocation, etc.
- 6. AIDS, HIV & Underwriting
- 7. Classification of Risks & Effects on premiums charged
  - Preferred
  - Standard
  - Substandard
  - Declined
- 8. Gross Premium factors
  - Risk (Mortality and Morbidity)
  - Interest
  - Expense
- 9. Net Premium
- 10. Premium Modes
  - Effect on Premiums

## **II. HEALTH INSURANCE BASICS**

**(13 QUESTIONS TOTAL)**

### **A. Definitions of Key Terms**

**(6-8 QUESTIONS)**

1. Insuring Clause
2. Consideration Clause
3. Free Look Provision
4. Probationary (Waiting) Periods
5. Elimination Periods
6. Definition of Perils
  - Accident
  - Sickness
  - Activities of Daily Living (ADLs)
7. Deductibles
  - Dollar Deductibles
  - Time Deductibles (Elimination Periods)
8. Policy Renewal Provisions
  - Noncancellable
  - Guaranteed Renewable
  - Conditionally Renewable
  - Optionally Renewable
  - Cancellable

- Term (Period of Time)

9. Preexisting Conditions

10. Adverse Selection

11. Coinsurance

12. Included/Excluded Benefits

- Individual Medical Expense policies
- Group Major Medical

**B. Common Health Insurance Riders**

**(0-1 QUESTIONS)**

1. Impairment Rider
2. Guaranteed Insurability Rider
3. Multiple Indemnity Rider (AD&D)

**C. Major Health Insurance Providers**

**(3-4 QUESTIONS)**

1. Stock and Mutual insurance companies
2. Blue Cross and Blue Shield companies
3. Health Maintenance Organizations (HMOs)
4. Preferred Provider Organizations (PPOs)
5. Multiple Employer Trusts (METs)
6. Multiple Employer Welfare Associations (MEWAs)

**D. Tax Treatment of Health Benefits**

**(1-2 QUESTIONS)**

**E. Occupational vs. Nonoccupational Coverages**

**(0-1 QUESTION)**

**III. DISABILITY INCOME INSURANCE**

**(4 QUESTIONS TOTAL)**

**A. Characteristics of Disability Income Policies**

1. Who is the insured
2. How are benefits paid
3. How long are benefits paid
4. To whom are benefits paid

5. Triggers for benefit payments
6. Elimination Periods
7. Taxation of Disability Income benefits

**B. Underwriting**

**C. Benefit Limits**

**D. Definitions of Total Disability**

1. Own Occupation
2. Any Occupation
3. Presumptive Total Disability

**E. Definitions of “Partial” Disability**

1. Partial Disability Benefits
2. Residual Disability Benefits

**F. Other Disability Income Provisions**

1. Recurrent Disability
2. Waiver of Premium

**G. Business Applications of Disability Income Policies**

1. Business Overhead Expense policies
2. Key Employee Disability Income Policies
3. Disability Buy-Sell (Business Disability Buyout) policies
4. Group Disability Income policies

**IV. MEDICAL EXPENSE POLICIES**

**(6 QUESTIONS TOTAL)**

**A. Characteristics of Medical Expense Policies (2 QUESTIONS)**

1. Pays medical bills (doctors, hospitals, drugs, etc.)
2. Insureds
3. Deductibles and coinsurance requirements
4. Probationary (Waiting) periods
5. Taxation
6. Concept of “Managed Care”

**B. Types of Plans (3 QUESTIONS)**

1. Basic Plans (Hospital, Medical & Surgical)
2. Major Medical Policy characteristics
  - Catastrophic Coverages
  - Dollar Deductibles
  - Eligible Expenses-Usual, necessary and customary
  - Coinsurance/cost sharing
  - Per Person Maximum Benefit Limits
  - Common Exclusions
  - Calculate a simple Major Medical Claim

**C. Medical Expense (1 QUESTION)**

1. Assignment of Benefits
2. Rights of Conversion
3. Rights of Newborn and Adopted Children
4. Rights of Dependent Children

**V. SENIOR CITIZEN POLICIES (5 QUESTIONS TOTAL)**

**A. Long Term Care (LTCs) Policies (2-3 QUESTIONS)**

1. Purpose
2. Types of Benefits paid
3. Standard Provisions
4. Minimum Benefit Period
5. Levels of Care
  - Skilled Nursing Care
  - Intermediate Care
  - Custodial or Residential Care
  - Home Health Care
  - Adult Day Care
  - Respite Care
6. LTC Disclosure and Performance Standards
  - Preexisting Condition Limits
  - 30-Day Free Look Provision
  - Outline of Coverages
  - Policy Summary

**B. Medicare Supplement Policies (MSPs) (2-3 QUESTIONS)**

1. Purpose
2. Eligibility
3. Standard Provisions
4. Required Forms of Renewability
5. Nonduplication of Coverages
6. Probationary Period limits
7. Benefit Limits
8. Twelve Standardized Plans A-L
9. MSP Disclosure and Performance Standards

**C. LTC and MSP Marketing Requirements (0-1 QUESTION)**

1. Suitability
2. Nonduplication of Coverage
3. Policy Summaries, Outlines of Coverage & Buyers Guides
4. Notices Regarding Policy Replacements
5. Permitted Compensation Arrangements

**VI. ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) POLICIES (1 QUESTION)**

- A. Conditions For Payment Of The Death Claim (Principal Sum)**
- B. Accidental Dismemberment (Capital Sum)**

**VII. LIMITED HEALTH POLICIES (1 QUESTION TOTAL)**

- A. Hospital Indemnity policies**
- B. Prescription Drug policies**
- C. Dread Disease policies**
- D. Dental Expense policies**
- E. Vision Care policies**

**VIII. UNIFORM INDIVIDUAL HEALTH POLICY PROVISIONS (8 QUESTIONS TOTAL)**

**a. The Required Provisions**

1. Entire Contract/Changes
2. Time Limit on Certain Defenses or Incontestable
3. Grace Period
4. Reinstatement
5. Notice of Claim
6. Claim Forms
7. Proof of Loss
8. Time of Payment of Claims
9. Payment of Claims
10. Physical Examination and Autopsy
11. Legal Action
12. Change of Beneficiary
13. Relation of Earning to Insurance: Average Earnings

**B. The Optional Policy Provisions**

1. Change of Occupation
2. Misstatement of Age
3. Illegal Occupation
4. Other Insurance in this Insurer
5. Insurance with Other Insurers: Expense Incurred Basis
6. Insurance with Other Insurers: Other Benefits
7. Unpaid Premium
8. Cancellation
9. Conformity with State Statutes
10. Intoxicants and Narcotics

## **IX. GROUP HEALTH**

**(6 QUESTIONS TOTAL)**

### **A. Key Concepts**

1. Medical exam requirements
2. Occupational Losses
3. Maternity Benefit requirements
4. Rights of Dependent Children
5. Preexisting Conditions
6. Changing insurance companies - no loss/ no gain
7. Coordination of Benefits clause
  - Primary vs. Secondary coverages
  - Simple Claim Problem

### **B. Portability Issues**

1. COBRA
2. HIPAA

## **X. GOVERNMENT SOCIAL SECURITY HEALTH CARE (3 QUESTIONS TOTAL)**

### **A. Medicare Title 18**

1. Eligibility
2. Four Coverage Parts
  - Automatic Part A Hospital
  - Optional Part B Medical
  - Optional Part C Medicare + Choice
  - Optional Part D Drug Benefit
  - Premium requirements

### **B. Medicaid Title 19**

1. Eligibility
2. Benefits
3. Funding
4. Administration

### **C. Social Security Disability Income benefits (SSDI)**

1. Definition of Total Disability
2. Triggers
3. Duration of benefits
4. Benefits based on your PIA



## **XI. STATE OF INDIANA**

### **GENERAL INSURANCE REGULATIONS**

**(12 QUESTIONS TOTAL)**

#### **A. Department of Insurance**

**(3 QUESTIONS)**

1. Insurance Commissioner
  - Appointment by Governor
  - Member of NAIC
  - Powers
  - Duties
2. Admission of Insurance Companies
  - Certificate of Authority
  - Admitted versus Non-Admitted companies
  - Domestic, Foreign & Alien companies
3. Examination of Admitted Insurance Companies
  - Frequency of fiscal examinations
  - Waiving examinations of Foreign & Alien companies
4. Insurance Guaranty Associations
  - Purpose
  - Policy benefits that are guaranteed

#### **B. Licensing Laws**

**(5 QUESTIONS)**

1. Types of Insurance Licenses, Eligibility Requirements & Powers and Duties
  - Resident Producer
  - Nonresident Producer
  - Temporary Producer
  - Consultant
  - Limited Lines
    - Travel
    - Portable Electronics
    - Title
    - Credit
    - Funeral Directors
2. Who must be licensed
  - Solicit, negotiate or sell contracts of insurance
3. Producer qualifications and the licensing process
4. Insurance Company: Producer appointments and termination

5. Duties of a Producer
  - License application process, examination, and fees for obtaining a license
  - Controlled Business
  - Acting as a Consultant
  - Fees and commissions
6. Producer's License Maintenance
  - Producer notification requirements for change of business **or** residential address
  - License renewal process
  - Continuing Education requirements
  - *Sircon* license & C/E tracking system
    - Producer Responsibilities

### **C. Producer/Company Compliance**

**(3 QUESTIONS)**

1. Producer Licensing Law & Violations
2. Unfair Competition Law & Violations
3. Definitions
  - Twisting
  - Rebating
  - Sharing commissions with an unlicensed person
  - Unfair discrimination
4. Complaint process
  - Time frame for hearings
5. Penalties/Disciplinary Actions
  - Penalty for violating Licensing law
  - Penalty for violating Unfair Competition Law
  - Penalty for violating Cease and Desist Orders
  - Criminal violations

### **D. Claims**

**(1 QUESTION)**

1. When must claims be paid
2. Unfair Claim Settlement Practices

## **XII. HEALTH REGULATIONS**

**(10 QUESTIONS TOTAL)**

### **A. Health Insurance Contracts**

**(3 QUESTIONS)**

1. Standard Provisions in Medical Expense and Disability Income Policies
  - Individual Provisions
  - Group Provisions
2. Required Coverages
  - Mammogram coverage
3. Underwriting Restrictions
4. Rights of Dependent Children
  - Newborns and adopted children
  - Limiting age
  - Handicapped children
  - Adopted children
5. Advertising

### **B. Specialized Coverage**

**(1-2 QUESTIONS)**

1. Indiana Comprehensive Health Insurance Association (ICHIA)
2. Indiana Small Group Health
3. Group Coordination of Benefits
4. Children's Health Insurance Program (CHIP)

### **C. Long Term Care and Medicare Supplement Policies (3 QUESTIONS)**

1. Provisions
  - Free Look
  - Length of coverage
  - Preexisting Conditions, etc.
2. Standards for Marketing
3. Replacement
4. Producer's Duties
5. Long Term Care Partnership Program (LTCP)

### **D. Affordable Care Act (ACA)**

**(1-3 QUESTIONS)**

1. Major Provisions/Definitions
  - Individual Mandate
  - Employer Mandate
  - Preexisting Conditions
  - Minimum Essential Coverage (MEC)
  - Essential Health Benefits (EHBs)
  - Qualified Health Plan (QHP)
    - Eligibility
    - Metal Plans/Tiers (Bronze,

- Silver, Gold, Platinum)
      - Premium Tax Credit
      - Cost-sharing Reduction
  - Guaranteed Available
  - Guaranteed Renewable
  - Dependent Coverage
  - Life Change
  - Open Enrollment Period
  - Special Enrollment Period
  - Catastrophic Coverage
  - Small vs. Large Employer
2. Marketplaces/Exchanges
- Federal Marketplaces – healthcare.gov
    - Individual
    - SHOP
  - State Marketplaces
  - Agent/Broker Training/Registration Requirements

#### REVISION HISTORY

Date	Revisions
7/10/2015	<ul style="list-style-type: none"> <li>• Section II – Total exam questions decreased from 14 to 13; “11. Adverse Selection” was added to subsection B; deleted “Common Exclusions” in subsection B and replaced with “12. Included/Excluded Benefits”; deleted “7. Federal and State Governments”, “8. Workers Compensation Plans”, and “9. Health Savings Accounts (HSAs)”, from subsection C</li> <li>• Section V – Total exam questions decreased from 6 to 5</li> <li>• Section XI – “Travel” and “Portable Electronics” were added to subsection B</li> <li>• Section XII – Total exam questions increased from 8 to 10; subsection “D. Affordable Care Act (ACA)” was added</li> </ul>

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